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YUM CHINA HOLDINGS INC. SWOT & PESTLE ANALYSIS

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Company Name : Yum China Holdings Inc.

Company Sector : Restaurants, Food and Beverages

Operating Geography : China, Asia, Global

About the Company :

Shanghai-based Yum China Holdings, Inc. is a Chinese Fortune 500 fast-food restaurant firm. It was separated from Yum! Brands in 2016, and as of November 2016, it was a separate, publicly traded corporation. KFC and Pizza Hut are the two business sectors that make up the firm. It runs eateries under the KFC, Pizza Hut, Little Sheep, Huang Ji Huang, Lavazza, COFFii & JOY, Taco Bell, and East Dawning brands, which are known for their Chinese, Mexican, Italian, hot pot, and chicken dishes. The business also runs V-Gold Mall, a mobile e-commerce platform whereby customers may purchase coffee capsules, fried rice, steak, pasta, and other prepared foods in addition to electronics, home and kitchen items, and other miscellaneous merchandise. The business has developed significant customer loyalty by creating menus that satisfy regional preferences in addition to providing international favorites like KFC's Original Recipe chicken. Each of its brands offers distinctive menu items, many of which were created in China, as well as one-of-a-kind recipes and specific spices to deliver delicious and convenient food that is crafted from a variety of premium products. On July 2022, the company declared that work on the Yum China Supply Chain Management Center in Shanghai's Jiading district had begun. The complex will house the company's supply chain operations and is expected to be finished in 2024.

Yum China Holdings, Inc's USP is that it is the largest restaurant chain, with more than 12,000 eateries spread throughout more than 1,700 cities and towns in all of mainland China's provinces and autonomous regions. The mission statement of Yum China Holdings reads, "Our mission is to build the world's most loved, trusted, and fastest-growing restaurant brands".

Revenue :

US\$ 9.853 billion - FY ending 31st December 2021 (y-o-y growth 19.24%)

US\$ 8.263 billion - FY ending 31st December 2020

SWOT Analysis :

The SWOT Analysis for Yum China Holdings Inc. is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> 1.The largest restaurant company in China and is a Fortune 500 company with rank 363. 2.Strong financial performance with revenues almost increasing consistently over the past 5 years. 3.KFC is the leading and largest quick service restaurant in China. 4.Pizza Hut is the largest casual dining restaurant in China. 5.The company has the right to operate and sublicense various brands and thus caters to a wide range of cuisines. 	<ul style="list-style-type: none"> 1.The business is mostly concentrated in China. 2.Operations of the company's restaurants subject to master license agreement with YUM.
Opportunities	Threats
<ul style="list-style-type: none"> 1.Restaurant chains in China have a low penetration rate. 2.Significant scope to expand within China through growth of franchise units and development of new restaurant brands. 3.Due to covid-19, consumers prefer established restaurant brands with best safety standards. 4.Menu and food innovations can enhance the performance and increase sales. 	<ul style="list-style-type: none"> 1.Food safety issues and foodborne illnesses concerns can adversely impact the business. 2.The covid-19 can continue to have an adverse impact on the company. 3.Fluctuations in the price of raw materials can negatively impact profit margins.

PESTLE Analysis :

The PESTLE Analysis for Yum China Holdings Inc. is given below:

Political	Economical
<p>1. Government controls currency conversion and payments of foreign currency and RMB outside mainland China.</p> <p>2. The Chinese government has statutory power of land acquisition and building closures which may negatively impact the company.</p>	<p>1. U.S. China trade war can have a negative impact on the operations and financial condition of the company.</p>
Social	Technological
<p>1. Consumers have become health conscious which has led to a change in their consumption pattern.</p> <p>2. Due to covid consumers prefer getting food delivered rather than dining-in adversely affecting same stores sales.</p>	<p>1. Internet of things and other digital technologies used for efficient supply chain and food safety management.</p> <p>2. Use of digital platforms for public welfare and environmental protection like "One Yuan Donation" program.</p> <p>3. Leveraging technology to increase customer satisfaction.</p>
Legal	Environmental
<p>1. Subject to U.S. federal income tax as well as Chinese enterprise tax.</p>	<p>1. Increased focus on reduction of food and plastic waste.</p> <p>2. Used cooking oil being converted into biodiesel to reduce greenhouse gas emissions.</p>

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